

DOCKETED

APR - 3 2012



ORIGINAL
GREAT PRAIRIE OASIS LLC dba
SUNLAND WATER COMPANY
7502 E. Hazelwood Street
Scottsdale, AZ 85251



0000135624

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

April 2, 2012

2012 APR 3 PM 1 37

Arizona Corporation Commission
Docket Control Center
1200 W. Washington Street
Phoenix, AZ 85007

DOCKET NO. W-04015A-12-0051
RESPONSE TO ALLEN CAMERON LETTER OF MARCH 16, 2012
DOCKETED MARCH 27, 2012

Great Prairie Oasis LLC dba Sunland Water Company ("Sunland") files the following response to the letter of Allen Cameron, a Sunland customer. Sunland did not receive a copy of the letter from Mr. Cameron and believes it is not required by Commission rules to respond to this letter. **However, Sunland would like to file this response for the staff's review.**

Mr. Cameron's objections to the rate application is clearly that someone other than the customers of the water utility should pay for the cost of providing water. If not the customers who directly benefit every day, who then?

Sunland is a for profit limited liability company and was approved by the Commission to buy the water utility. Sunland purchased the utility for its potential growth from expansion and development. That growth in today's Pinal County economic environment is not going to happen. Given the absence of any developer to fund improvements, the customers need to begin to pay a reasonable price of approximately \$40 per month for their water. Sunland has funded thru advances and equity investment the loss of operating the utility for the last ten years.

In reference to pictures filed by Mr. Cameron, please contact Del Smith who made an on-site inspection about ten days ago of Sunland's two well sites, and toured the Brookside Farms subdivision.

Mr. Cameron complains that leaks were not fixed to his satisfaction during an eight year period when Sunland's customers had average water bills of \$8.25 per month (pursuant to the current rate structure approved in 1969). The Annual Reports on file with ACC reflect the costs of repairs incurred by Sunland each year to maintain the water lines which were originally installed in 1979. Revenues from operations did not generate all the funds needed for the repairs. The repairs were funded from advances or capital investments from the owners of Sunland. During the period from 2001 to 2011, Sunland worked with real estate developers with the intent of expanding the size of Sunland's customer base. Under a signed improvement agreement, a real estate developer was obligated to fund the cost of improvements to acquire the second well site and pay for the transmission lines to implement the blending plan to reduce arsenic levels. Under the

**GREAT PRAIRIE OASIS LLC dba
SUNLAND WATER COMPANY
7502 E. Hazelwood Street
Scottsdale, AZ 85251**

agreement the second well site was purchased by the real estate developer, and deeded to Sunland at no cost to Sunland or its customers. However due to the economic downturn, the developer is now out of business. As Sunland is unable to access any other source of growth or developer funding, Sunland has no choice but to request a rate increase from the people who benefit from Sunland's operations.

Mr. Cameron objects to the use of the second well. The use of the second well was approved by ADEQ (and EPA) after extensive testing and review of the blending plan as designed by Bill Collings of DNA Engineering.

Mr. Cameron also attempts to estimate total revenues billed over seven years of operations, and state those funds were saved up and are available for use. The commission has Sunland's annual reports showing the actual revenues and expenses over those years.

Mr. Cameron states that Sunland is only one of two water companies in Arizona with a charge for non-usage of water. Sunland has only 80 customers. In addition to monthly fixed costs of operations, Sunland will have debt service on a loan to improve the system to meet current Arsenic standards. Sunland needs the fixed base rate to provide an adequate source of funding. There are numerous small water companies and very large utilities such as the Cities of Eloy, Tucson, Phoenix, Scottsdale with a base rate.

Sunland requests that the staff consider the fact that Mr. Cameron has been an irrational force against Sunland for over ten years---even physically interfering with subcontractors on site to make repairs. He has made threatening phone calls to our office and has spread misleading and damaging information to other customers in Brookside Farms. We don't believe that his strange behavior is limited only to Sunland, but we do believe that he can harm the future ability of our utility to provide service. Without this rate increase as applied for, Sunland will be forced to consider a sale or other economic relief. In the current development environment in Pinal County, without a rate increase and the funding of the arsenic abatement improvements, Sunland is very likely unmarketable. Mr. Cameron's need for attention should not be put ahead of 79 other customers who will be faced with the dilemma of living in a subdivision with an unworkable water utility.

Submitted by:



Judy Wischer

Managing Member

Great Prairie Oasis L.L.C. d/b/a

Sunland Water Company